



17555 PEAK AVENUE MORGAN HILL CALIFORNIA 95037

MORGAN HILL

Morgan Hill Civic Center
Administration Conference Room
17555 Peak Avenue
Morgan Hill, California

Chair	Mike Roorda
Committee Member	Steve Tate
Committee Member	Greg Sellers
Staff: City Manager	Ed Tewes
City Attorney	Helene Leichter
Finance Director	Jack Dilles

FINANCE AND AUDIT COMMITTEE

SPECIAL MEETING

Thursday, December 12, 2002

MINUTES

7:00 P.M.

CALL TO ORDER

Chair Roorda and Committee Members Tate & Sellers;
Staff: Dilles

DECLARATION OF POSTING OF AGENDA

In compliance with Government Code 54954.2

PUBLIC COMMENTS

The Morgan Hill Finance and Audit Committee welcomes comments from all individuals on any agenda item being considered by the Committee. In the interest of brevity and timeliness and to ensure the participation of all those desiring an opportunity to speak, comments presented to the Committee are limited to Three Minutes.

BUSINESS:

1. **Approval of minutes for November 21, 2002.**
The minutes for November 21, 2002, were approved.
2. **Investing to Benefit the Local Economy (Discussion update regarding South Valley National Bank and Heritage Bank South Valley)**
Heritage Bank South Valley President Lane Lawson made a presentation regarding an opportunity for the City to invest idle funds in certificates of deposit with the bank, which would benefit the community. He also indicated that the bank offers various services such as handling the City's operating banking needs. Mr. Lawson indicated that by investing in his bank, there would be more funds available in total at his bank to drive economic development in the community, but that it would be difficult to quantify that return for any specific investment. Chair Roorda asked if the bank could offer a certificate of deposit minimum return to the City and provide an increased interest rate if market rates increase during the term of the City's investment. Mr. Lawson said he would find out if this is possible and let staff know.

Staff also indicated that it would be necessary to revise the City's investment policy to allow investments at local banks should those investments be at less than market rates.
4. **Update on Sewer & Water Revenue Requirements Study**
Staff presented a report as a follow-up to the City Council workshop regarding sewer and water revenue requirements on November 13 and as a follow-up to the previous Committee meeting. For both water and sewer, staff described in detail the purpose of each of the three proposed reserve balances and described fund balance trends out through 20011/12 under various scenarios. In response, the Committee recommended the 5 consecutive annual 2% increases in water rates and no change to sewer rates. These recommendations will be brought to the City Council at the January public hearing on sewer and water revenue requirements.
5. **Financial and Investment Report for December 2002**
This item was briefly discussed.
6. **Future Agenda Items**
None.

ADJOURNMENT

NOTICE

AMERICANS WITH DISABILITY ACT (ADA)

The City of Morgan Hill complies with the Americans with Disability Act (ADA) and will provide reasonable accommodation to individuals with disabilities to ensure equal access to all facilities, programs and services offered by the City.

If assistance is needed regarding any item appearing on the City Council agenda, please contact the Office of the City Clerk at 17555 Peak Avenue or call 779-7259 or (Hearing Impaired only - TDD 776-7381) to request accommodation.